

Approved
Zile

AR46

THE
FIDELITY TRUST COMPANY

EST. 1909



1967 ANNUAL REPORT

THE FIDELITY TRUST COMPANY
Inc. A.D. 1909

BOARD OF DIRECTORS

John Stuart McMahon	Winnipeg, Man.
Neil Cameron Walker Wood	St. Andrews, Man.
Andrew Kingsmill Stephens	Winnipeg, Man.
Richard Wilson Smith	Winnipeg, Man.
James Edward Perkins	Winnipeg, Man.
Roderick Hugh McIsaac	Winnipeg, Man.
James Sylvester McGoey M.D.	Winnipeg, Man.
Edmund Boyd Osler	Winnipeg, Man.
John Klassen	Winnipeg, Man.
Donald Savigney Paterson	Winnipeg, Man.
Harvey Allan McDiarmid	Vancouver, B.C.
Richard Noonan	Toronto, Ont.
Frank Luther Ernst	Winnipeg, Man.
Esther Moscovitch Genser	Winnipeg, Man.

OFFICERS AND EXECUTIVE COMMITTEE

J. S. McMahon	Chairman of the Board
N.C.W. Wood	President and General Manager
R.W. Smith	Vice President
A. K. Stephens	Vice President
J.E. Perkins, LL.B.	Secretary-Treasurer
E.B. Osler	Director

AUDITORS

Deloitte, Plender, Haskins & Sells

FINANCIAL HIGHLIGHTS

	1967	1966	1965	1964	1963
Total Assets	7,850,467	6,377,884	4,718,384	2,575,605	496,657
Gross Income	546,523	397,518	272,762	108,660	53,053
Interest paid to Depositors	344,136	250,133	139,362	42,842	651
Earnings per Share Class "A" and Class "B"	+6¢	+1½¢	-6¢	-2¢	+6¢
Average Number of Depositors	7,500	6,500	5,000	1,500	50
Number of Branches	4	4	4	2	1
Average Number of Employees	20	17	16	8	5
Number of Shareholders at year end	175	88	95	79	63

HEAD OFFICE

291 Garry Street,
Winnipeg 1, Manitoba.

Departments:

Savings & Chequing

Mortgage & Loan

Estate & Agency

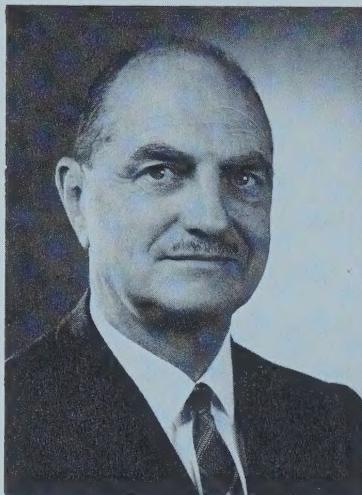
Real Estate

BRANCHES

River Heights,
417 Academy Road,
Winnipeg 9, Manitoba.

North Central,
1355 Main Street,
Winnipeg 4, Manitoba.

Portage la Prairie, Man.,
141 Saskatchewan Avenue.



CHAIRMAN'S REMARKS

While rapid changes in the money markets have made this a difficult year for financial institutions, you will be pleased to see that your company has made very satisfactory progress.

Having passed the break even point in 1966, further progress in the past year has given a reasonable return on invested capital. We can now look forward to continuing profitable operations in the future.

The recent problems in our business have been caused by soaring Government expenditures with large budget deficits. The resultant cash requirements have placed a great burden on the capital markets. The net effect has been to raise interest rates to unprecedented heights.

By the year end economic conditions were a major problem throughout the world. With the devaluation of the pound sterling in November an increase in Canada's bank rate occurred. The devaluation disturbed the world economic environment and a run on U.S. gold was countered with determined action by the United States to correct its balance of payments problem. This in turn caused speculation against the Canadian dollar with an all time high in our bank rate.

It is hoped that, in seeking to improve our social standards, the governments concerned will show due consideration for the maintenance of price stability and orderly growth. A little patience in putting various social programmes into effect should result in the accomplishment of those that are most desirable with the least shock to our economy. There is some indication that these lessons are being heeded by more responsible politicians and we look forward to continued prosperity in our area with more stable monetary conditions. In the mean time high interest rates now available should prove a strong incentive to the establishment of savings accounts and permit our investments to be placed at favorable rates.

Once again, I will take this opportunity to thank your Directors for their time and effort given to the company without remuneration.

Your Board records its appreciation of the excellent work done by your management and staff. The results speak for themselves in our greatly improved financial statement.

J. D. Macmillan



REPORT
OF THE
PRESIDENT AND GENERAL MANAGER

Dear Shareholder:

I am pleased to report that the fiscal year ending December 31, 1967 broke new records for your Company.

Total assets rose to 7.85 Million, up 1.5 Million over 1966. Gross income increased to \$550,000. as compared with \$395,000. in 1966 and total net income of \$42,000. represented a radical upswing from the \$8,000. of last year.

These results at a time when our industry and financial conditions in general are somewhat depressed, illustrate the degree of competence with which your Company has been administered, rising costs have been to some extent offset by the increased yield available from the

mortgage and bond market. The yield on your Company's bond portfolio increased to 5-7/8% (5-3/4 1966) and mortgages 7-3/4% (7.50 1966). The long term benefits that are derived from this increased yield will tend to appear should we have a return to lower interest rates. 1967 has again been a period of consolidation for your Company. No new branches were opened although service at existing locations was improved and increased. As can be seen from the accompanying balance sheet your Company has reached its maximum borrowing limit. During the year arrangements were made to offer Class "A" common shares to the public at \$1.25 per share. It is anticipated that the financial results of the year ending December 31, 1967 will stimulate the sale of these shares through 1968.

Your Company completed the organization of a Real Estate sales department during the year and the results from this department were most acceptable; total sales were \$990,000 and gross commissions were \$40,000. The operating expenses offset this figure, to arrive at a break even, which after absorbing the establishment cost of the first year, is as budgeted. It is anticipated that this department will show a fair profit for 1968.

We welcome the new shareholders who have joined us this past year and draw your attention to the many services that Fidelity has to offer.

Your Directors have been exploring the possibilities of the acquisition of other companies offering somewhat the same services as your Company. The increased competition in all phases of industry today compel us to grow to major proportions or disappear through the process of absorption. Your Company was reorganized in 1963 for the express purpose of becoming a major entity initially in the Manitoba area. It is with this in mind that we look forward to the future with growing confidence.

A handwritten signature in black ink, appearing to read "John W. Miller". The signature is fluid and cursive, with a large, stylized 'J' at the beginning.

THE FIDELITY TR

(Incorporated by Special Act of

BALANCE SHEET AS AT

(with 1966 figures

	<u>ASSETS</u>	<u>1967</u>	<u>1966</u>
READILY REALIZABLE ASSETS:			
Cash.....	\$ 233,654	\$ 94,028	
Collateral loans.....	21,416	35,066	
Securities at cost (market value 1967 \$1,771,410; 1966 \$1,648,572)			
Canadian and Provincial Government guaranteed bonds.	1,271,817	1,235,178	
Municipal bonds.....	48,230	55,263	
Corporation bonds.....	699,742	446,128	
Stocks.....	4,296	17,683	
Interest accrued.....	27,788	20,278	
Due from Estates, Trusts and Agencies.....	2,902	2,609	
Accounts receivable.....	23,402	-	
Total readily realizable assets.....	<u>2,333,247</u>	<u>1,906,233</u>	
OTHER ASSETS:			
Mortgages, including accrued interest.....	5,487,802	4,439,081	
Mineral rights at nominal value.....	1	1	
Furniture, equipment and leasehold improvements - at cost less accumulated depreciation and amortization...	23,162	24,079	
Deposits, prepaid expenses and sundry.....	3,207	5,441	
Investment in and advances to affiliated company - at cost.....	3,048	3,049	
Total other assets.....	<u>5,517,220</u>	<u>4,471,651</u>	
On behalf of the Board			
N.C.W. Wood, Director			
J.E. Perkins, Director			
TOTAL.....	<u>\$7,850,467</u>	<u>\$6,377,884</u>	
ESTATES, TRUSTS AND AGENCIES:			
Securities, cash and other assets.....	\$ 447,335	\$ 386,125	

The accompanying notes are an integral part of the financial statements.

COMPANY

Manitoba Legislature)

MBER 31, 1967

comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1967</u>	<u>1966</u>
LIABILITIES:		
Guaranteed trust deposits and accrued interest.....	\$7,162,420	\$5,507,901
Bank loan - secured by pledge of securities.....	64,000	328,500
Accounts due and accrued.....	22,663	14,474
Due to affiliated company.....	-	625
Deferred revenues.....	<u>8,896</u>	<u>9,675</u>
 Total liabilities.....	<u>7,257,979</u>	<u>5,861,175</u>
 SHAREHOLDERS' EQUITY:		
Capital stock (Note 1):		
Authorized:		
1,000,000 Class A common shares of a par value of \$1 each		
1,000,000 Class B common shares of a par value of \$1 each		
Issued and fully paid:		
30,480 Class A shares (issued during the year)....	30,480	-
643,775 Class B shares.....	<u>643,775</u>	<u>643,775</u>
 Premium on capital stock (Note 1).....	674,255	643,775
Reserve.....	3,600	-
Deficit account.....	<u>(85,367)</u>	<u>(145,066)</u>
 Net shareholders' equity.....	<u>592,488</u>	<u>516,709</u>
 TOTAL.....	<u>\$7,850,467</u>	<u>\$6,377,884</u>
 STATES, TRUSTS AND AGENCIES:		
Assets under administration.....	<u>\$ 447,335</u>	<u>\$ 386,125</u>

of the financial statements.

STATEMENT OF INCOME AND DEFICITFOR THE YEAR ENDED DECEMBER 31, 1967

(with 1966 figures for comparison)

	<u>1967</u>	<u>1966</u>
INCOME:		
Interest earned.....	\$503,182	\$380,870
Other.....	<u>43,341</u>	<u>16,648</u>
Total income from all departments.....	<u>546,523</u>	<u>397,518</u>
EXPENSE:		
Interest paid to depositors.....	344,136	250,133
Administration.....	80,799	65,144
Branch offices.....	49,481	44,709
Promotion.....	7,829	10,279
Other.....	<u>22,579</u>	<u>19,085</u>
Total expense (Note 2).....	<u>504,824</u>	<u>389,350</u>
NET INCOME (Note 3).....	41,699	8,168
DEFICIT AT BEGINNING OF THE YEAR.....	<u>145,066</u>	<u>153,234</u>
RESERVE TRANSFERRED.....	<u>103,367</u>	<u>145,066</u>
DEFICIT AT END OF THE YEAR.....	<u>\$ 85,367</u>	<u>\$145,066</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTSDECEMBER 31, 1967

1. The authorized share capital was changed by Special Act of the Manitoba Legislature on May 4, 1967 to the following:
 - A. 1,000,000 Class "B" common shares of a par value of \$1 each.
 - B. 1,000,000 Class "A" common shares of a par value of \$1 each, ranking in parity with Class "B" shares except that the holders thereof shall have only one vote for each ten shares held.

During 1967, 30,480 Class "A" shares were sold at \$1.25 and the premium received thereon amounting to \$7,620 reduced by commissions paid of \$1,524 and costs of issuing a prospectus of \$2,496.
2. It is the company's policy to write off mortgage acquisition fees as incurred (\$14,190 in 1967 and \$11,270 in 1966) although the benefit is obtained over the term of the mortgage.
3. Income taxes otherwise payable have been eliminated by the application of losses carried forward from prior years.

DELOITTE, PLENDER, HASKINS & SELLS
CHARTERED ACCOUNTANTS

MONTREAL OSHAWA TORONTO HAMILTON
WINDSOR WINNIPEG REGINA CALGARY
EDMONTON PRINCE GEORGE VANCOUVER

60 OSBORNE STREET NORTH
WINNIPEG 1, CANADA

ASSOCIATED FIRMS IN UNITED STATES OF AMERICA, GREAT
BRITAIN AND OTHER COUNTRIES THROUGHOUT THE WORLD.

To the Directors
The Fidelity Trust Company:

We have examined the balance sheet of The Fidelity Trust Company as at December 31, 1967 and the statement of income and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Assets held for clients' accounts and guaranteed funds are kept separate from the company's own funds and are so earmarked on the books of the company as to show the accounts to which they belong.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

deloitte, Plender, Haskins & Sells

February 19, 1967.

Auditors.

THE PICTURES BELOW SHOW AN INTERIOR VIEW
OF TWO OF FIDELITY'S FOUR LOCATIONS

HEAD OFFICE - 291 GARRY ST. WINNIPEG 1, MANITOBA



ACADEMY ROAD BRANCH - SITUATED AT ACADEMY & NIAGARA
IN SOUTH WINNIPEG



FIDELITY HAS 800 MORTGAGE LOANS IN METRO WINNIPEG. APPROXIMATELY 85% OF THESE ARE RESIDENTIAL AND THE BALANCE COMMERCIAL OR MULTI-FAMILY.

BELLOW ARE PHOTOGRAPHS OF A CROSS SECTION OF PROPERTIES MORTGAGED BY FIDELITY

RESIDENCE



APARTMENT

COMMERCIAL



